

**ACCOUNTING EXAMINING BOARD  
MINUTES  
MADISON, WISCONSIN  
DECEMBER 14, 2001**

**PRESENT:** Frank Probst, Jim Johnson, Romey Jungers (by teleconference),  
Thomas Kilkenny

**EXCUSED:** Frederick Franklin, Sharon Hamilton,

**STAFF PRESENT:** Katharine Hildebrand, William Dusso-Legal Counsel, Grace Schwingel,  
Barb Showers, Darwin Tichenor, Pamela Haack, Patty Williams, PJ  
Munson, Marlene Meyer, and Kelley Sankbeil.

**GUESTS:** LeRoy Schmidt - WICPA  
Arland Stone - WAA

**CALL TO ORDER**

The meeting was called to order at 9:03 a.m. by Frank Probst, Chair. A quorum of 4 members was present.

**AGENDA**

**MOTION:** Tom Kilkenny moved, seconded by Jim Johnson, to approve the updated agenda that was distributed at the meeting, adding two items to be discussed under administrative rules - Discussion of rule describing "ownership interest." and Discussion of draft "independence" rule. Motion carried unanimously.

**MINUTES (10/19/01)**

The Board noted that several corrections to the minutes of 10/19/01 need to be made. At the top of page 4, the heading should be amended to read "Discussion of Requirements for **Equivalent Experience in Public Accounting**" (not " . . . Requirements for Peer Review"). Also on Page 4, under **NASBA**, the second sentence should be amended to read "There was a decision by the **Board of Examiners** of the AICPA . . . ". The third sentence in that same section should be amended to read "There was also a recommendation that the exam be restructured to include 4 **parts** and be shortened to 14 1/2 hours. On page 5, under **RECESS TO CLOSED SESSION**, Thomas Kilkenny and Romey Jungers were not present when the Board went into closed session. The minutes do not need to indicate a "no" vote for members who are not present.

**MOTION:** Roman Jungers moved, seconded by Jim Johnson, to approve the minutes of the meeting of 10/19/01, as amended. Motion carried unanimously.

## **ADMINISTRATIVE REPORT**

### **Katharine Hildebrand**

Hildebrand referred to the memo Secretary Herrera sent to all board members regarding the Department's Reorganization plan. Secretary Herrera is available to answer any questions the board members may have regarding the reorganization plan. Katharine explained that all of the boards will be under the Division of Board Services.

- **Board Roster**

Frank Probst has a new e-mail address: [frank.probst@mu.edu](mailto:frank.probst@mu.edu)

- **2002 Meeting Dates**

Jim Johnson and Frank Probst are not available to attend the March 15<sup>th</sup> meeting. The Board decided to change the March meeting date to March 22, 2002.

- **To Do List**

The To Do List will not be included in the agenda packet in the future. The To Do List will be included in the red folders board members receive at the meeting.

- **Regulatory Digest Draft**

The Regulatory Digest Draft is a working draft and will not be included in the agenda packet in the future. A copy of the Regulatory Digest Draft will be included in the red folders board members receive at the meeting. Legal Counsel, Bill Dusso, will prepare an article on administrative rules, computerization of exams and the experience requirement. Other articles to be written deal with name relief for sole proprietors and verification of what can be counted as business course .

- **Applications Reviewed by Staff**

Hildebrand introduced Patty Williams and Paula (PJ) Munson who will be working with the Accounting Board. Patty distributed information on education requirements and explained the procedures staff use when looking at applications for the CPA examination and the educational requirements. Staff will be reviewing all applications and will recommend approval or take no action and pass those files to the Board reviewer. Patty Williams also reviewed a draft of the revised application form for a CPA credential. A separate review sheet will be created to streamline the process for those applicants that the Board believes should have their application for licensure denied. The Board would like to see and approve the final draft of these forms before the forms are ordered in bulk.

There was a discussion about staff issuing licenses without prior board approval. Hildebrand will discuss this issue with the Board's Legal Counsel to clarify whether giving staff the authority to issue a license, meets the requirements of the law.

The Board agreed that staff would approve applications and issue a license: 1) if a candidate has passed the exam and has had one year of public accounting experience after graduation; 2) if a person who has met the one year of public accounting experience requirement but has also spent time working in a profession other than accounting. The Board will review all other applications.

- **Summary Reports on Pending Court Cases, Disciplinary Cases and Administrative Rules**

Noted

## **LEGISLATIVE ISSUES**

None

## **ADMINISTRATIVE RULES**

- **Public Hearing: Rule to Create Accy 1.205 of the Administrative Code**

The Board held a public hearing on proposed Accy 1.205 of the Administrative Code relates to auditing standards, standards for accounting and review services and standards for attestation engagements. Chairman Probst read the Notice of Public Hearing. There were no comments from the public.

- **Discussion of rule describing "ownership interest"**

Dusso reviewed the "ownership interest" rule that was drafted in the form of a proposed order that had been mailed to each of the board members. The focus was on the 50% ownership requirement of the rule. The statute indicates the Board has an obligation to develop a rule that defines the term "ownership interest" for the purpose of administering the statute and determining eligibility of a firm. The Board reviewed the rule draft and Dusso will make some recommended changes before taking it to the next step in the rule-making process.

- **Discussion of draft "independence" rule**

Dusso reviewed the initial draft of the Independence rules of the Accounting Board. The Board also would like to see a chart comparing the Wisconsin rule and the AICPA rule. The Board's objective is to eliminate any disparity between the independence rules of the State of Wisconsin and the independence rule of the AICPA. The Board would like to know what changes need to be made to accomplish this objective and to ensure that nothing is eliminated from the Wisconsin rule without the Board's input. The Board will consider this rule again at the March meeting.

## **NASBA**

- **Increase In Membership Fee**

It was noted that at the 10/13/01 NASBA Annual Meeting in Dana Point, CA, the membership voted to immediately increase the annual dues, based on the number of licensees in a given state. For Wisconsin there was an increase from \$3,300 to \$6,600. The Board was shocked by such a huge increase in the membership fees.

Hildebrand noted that on Tuesday, December 18, 2001, the Board will have a telephone conference call. Hildebrand will be discussing the focus questions and any other questions the Board members would like answered. The Board presented several questions they would like answered.

**Under Focus Question 1: For use in a future quarter, please draft at least one focus question to which your Board would like NASBA's member boards to respond:**

- a) How does NASBA justify doubling the annual dues from \$3,300 to \$6,600? The Board would like NASBA to pick up the cost of sending a board member to the Regional meeting in June and the annual meeting in October because of the financial hardship the dramatic increase in dues placed on the Department.
- b) Independence rules, defining ownership interests, determining when acceptable experience must have been acquired.
- c) The Board discussed the degree of potential conflict that exists when The Thompson Corporation, which controls both Prometric, which offers the exam, and MicroMash, Inc., which is actively developing a computer-focused coaching course. The concern is the possibility of coaching to the exam whereby coaching courses could be tailored to reflect the new format and questions.

**Under focus question 2: What is happening in your jurisdiction that is important for the other boards and NASBA to know about?**

- a) What do other State Boards do to determine the equivalent of one year's experience in public accounting?
- b) The Board has just implemented legislation to pass the UAA and now is in the process of amending the Wisconsin Board's rules and regulations.
- c) Wisconsin is still the only state without a *cpe* requirement.

## **EXAMINATION ISSUES**

- **January 9, 2002 Examination Contract Meeting**

NASBA has invited the 54 jurisdictions to discuss the contract. There was no indication that a vote would be taken at this meeting, authorizing support of the contract. The question was raised as to whether the Board would support this contract, as presented. The Board indicated it would support the contract.

- **Draft of the Computer-Based Examination Agreement by AICPA, NASBA and Prometric**

There was a discussion on the degree of potential conflict that exists when The Thompson Corporation, which controls both Prometric, which offers the exam, and MicroMash, Inc., which is actively developing a computer-focused coaching course. The concern is the possibility of coaching to the exam whereby coaching courses could be tailored to reflect the new format and questions. It was suggested that this would be a good question to ask during the conference call on December 18, 2001.

Legal Counsel, Bill Dusso, and Barb Showers of the Exam Office provided clarification of some of the legal and procedural issues relating to examinations. Some of the issues discussed were liability issues, and the areas of responsibility for the various players involved in each of the specific contracts (AICPA, Continental Testing Services, who administers the exam, and NASBA). Matters of administration of the exam, costs and timeframes for getting work done will be determined after the contract is signed. Dusso indicated there are restrictions in Wisconsin that would need to be addressed in the state contract with NASBA and AICPA. Personal information of the candidates is not something that belongs to the vendors; it can only be used for purposes of the examination. Vendors cannot sell that information or build a database for purposes of marketing. However, the existence of the data base suggests that in the future, licensed CPA's seeking a reciprocal license could apply to NASBA where this information could then be marketed and used for certification purposes.

The Board supports adopting the provisions of the UAA as part of our state legislation to make it possible for licensed professionals in other states to receive reciprocal licenses here. It is the Department's understanding that beginning with the November 2003 exam, Wisconsin will no longer have a direct contract with AICPA; NASBA will then be the sole contract point. It was noted that many of the states have raised specific issues as to how the changes being considered will affect specific states. Whether these concerns will be reflected in the final contract remains to be seen. There are two viable perspectives a person could take: 1) Either NASBA is inserting itself into the process and the individual states are footing the bill; or, 2) NASBA is representing the states in meeting their legislative responsibilities.

- **AICPA Exposure Draft: Proposed Model Policies for Conditioning and Transitioning for the Uniform CPA Examination and Proposed Revisions to Rules 5-1 to 5-10 Relating to the Uniform Accountancy Act**

Darwin Tichenor addressed the transitioning aspect and the general conditioning aspect of this issue as to what will happen to candidates who have taken the pencil and paper exam prior to November 2003, but have not successfully completed the exam. Tichenor reviewed the Exposure Draft, which contains a model for conditioning and transitioning from paper to computer and the proposed rule changes to the uniform accountancy act that would reflect this model. Conditioning is a State Board responsibility which will require the Department to keep track of what our rules are going to be. This will require the creation of a computer program to track which rule is applicable to a specific candidate.

The Board agreed with the requirement that candidates must pass all 4 parts of the exam in 18 months, but recognized that there could be scheduling scenarios that would need to be resolved. NASBA would prefer to have a uniform conditioning method that would be applied nationally. The Board favors the conditioning requirements, as presented. It discussed a minimum time frame within which all four parts must be taken and supports no such minimum time requirement within which to take the four parts. Hildebrand and Dusso will draft a response for the Board to send to NASBA.

Tichenor noted that transitioning is the period when candidates have conditioned passes on the written examination but the written examination is no longer given so they are dealing with both the written and the computer examination. The transitioning is a compromise in the interest of fairness as a way to enable candidates to retain credit for past parts of the exam they have taken under the old system and to finish the remaining portions of the examination under the new system by computer. Wisconsin's conditioning requirements are considerably stricter than other states.

Candidates must abide by the rules that were in place when they enrolled in school, not by any subsequent rules that were enacted after a student enrolled in school. Tichenor reviewed how the rules would apply under different scenarios candidates may find themselves in during the transitioning period. The Board agreed that under the proposed conditioning guidelines, the AICPA has dealt with a complicated situation in as fair a manner as possible to candidates who fall between the old and the implementation of the new examination system. LeRoy Schmidt of the WICPA suggested that the Board convey a sense of urgency to the AICPA about completing this process in all fairness to candidates who will be affected by these guidelines so that the candidates can be given sufficient notice of the changes and what will be required of them under the new examination system. The Board agreed that this is an important message that needs to be communicated.

**MOTION:** Jim Johnson moved, seconded by Thomas Kilkenny, to recommend that candidates be required to pass all four parts of the exam in an 18-month period. The Board does not favor requiring first-time candidates to sit for all 4 parts of the exam in a 30-day period. Motion carried unanimously.

**MOTION:** Jim Johnson moved, seconded by Thomas Kilkenny, to ask the examination team to respond to the November 20, 2001 Exposure Draft prepared by the AICPA on Proposed Model Policies for conditioning and transitioning for the Uniform CPA Examination and Proposed Revisions to Rules 5-1 to 5-10 relating to the Uniform Accountancy Act. The Board affirmed the draft as presented and noted that if the intent is to require a first-time candidate to take all four sections within a 30-day window under the computerized exam, that the Board does not support that requirement. Motion carried unanimously.

- **Criteria to Evaluate Equivalency of Public Accountant Experience**

Wisconsin's new legislation requires for licensure one year of public accounting experience or its equivalent. The question that arises is determining standard criteria to use in evaluating the equivalency of public accounting experience when the candidate does not have any public accounting experience. The Board wants to ensure that all applicants will be given the same consideration in determining equivalency and that the standard will not vary depending on which board member is evaluating a candidate's file. The Board reviewed some applicants' files that included the types of activities that were outside of public accounting that were presented for consideration of equivalency. The Board agreed that it will be difficult to fairly and consistently determine equivalency without having a standard to follow. The Board would like to be able to provide some guidance to applicants who apply for licensure by way of the equivalency route. Legal Counsel, Bill Dusso, pointed out that other Boards have approached this issue by looking at the task analysis that was done for the examination and then developing an experience rule that mirrored the task analysis that was used to develop the exam. The Board would like to have a list of the types of tasks that would qualify for equivalency and another list of the types of tasks that would not qualify for equivalency. Board members were asked to FAX Hildebrand a list of the types of tasks that would qualify for equivalency and the types of tasks that would not qualify. The Board will vote on this issue at its next Board meeting in January.

## **PRACTICE ISSUES**

Noted

## **BOARD MEMBER ACTIVITY**

None

## **PRESENTATION OF PROPOSED STIPULATIONS**

None

## **MISCELLANEOUS CORRESPONDENCE**

Hildebrand referred to correspondence the Department received from NASBA requesting the Board to fill out their "NASBA Quick Poll" regarding peer review. The Board intends to pursue the AICPA model and the Board's response to NASBA's Quick Poll would reflect the AICPA model.

## **NEW BUSINESS**

None

## **RECESS TO CLOSED SESSION**

**MOTION:** Jim Johnson moved, seconded by Thomas Kilkenny, to recess the Open Session and to convene the meeting in Closed Session to deliberate on cases following hearing (s. 19.85(1)(a), Stats.; to consider licensure or discipline (s. 19.85(1)(b), Stats.; to consider individual histories or disciplinary data (s. 19.85(1)(f), Stats.; and, to confer with legal counsel (s. 19.85(1)(g), Stats. Motion carried by a roll call vote: Frank Probst – yes; Jim Johnson - yes; Romey Jungers - yes; Tom Kilkenny - yes.

Open Session recessed at 1:00 p.m.

The Board deliberated concerning pending applications.

## **RECONVENE IN OPEN SESSION**

**MOTION:** Jim Johnson moved, seconded by Thomas Kilkenny, to reconvene the meeting in Open Session at 2:00 p.m. Motion carried unanimously.

## **VOTE ON ITEMS CONSIDERED OR DELIBERATED UPON IN CLOSED SESSION**

**MOTION:** Romey Jungers moved, seconded by Jim Johnson, to accept the recommendations of the Board reviewer and staff to approve the applications listed below. Motion carried unanimously.

## **APPLICATIONS REVIEWED ON DECEMBER 14, 2001**

The Board took the following action on applications. Applicants applied based on examination, transfer of credit from another state and endorsement of license from another state.

## **FOR REGISTRATION AS A CERTIFIED PUBLIC ACCOUNTANT**

### **1. Approved –**

Betz, Karl  
Blakeley, Alec  
Cieslewicz, Carie  
Czech, Lynn G  
Hackbarth, Clayton  
Hart, Jeffrey  
Henkel, Susan

Hutter, Dustin  
Johnson, Nathan  
Manthey, Scott  
Theisen, Richard  
Ulstad, Ingrid  
Wheeler, Mildred

### **2. Intent to Deny-**

Korns, Natasha

Mentink, Carol

### **3. Deny –**

## **APPLICATIONS REVIEWED**

The following applications for public accounting were issued a credential based upon Staff Delegation. Applicants applied based on examination, transfer of credit from another state and endorsement of license from another state.

## **FOR REGISTRATION AS A CERTIFIED PUBLIC ACCOUNTANT**

### **1. Approved –**

Altenberger, Matthew 12/13/01  
Anderson, Richard 12/3/01  
Averill, Leah (11/14/01)  
Babich, Colleen (11/20/01)  
Badtke, Jill (11/20/01)  
Bannan, Jessica 12/3/01  
Barrett, Ann (11/7/01)  
Begotka, Thomas 12/13/01  
Beining, Jodie 12/13/01  
Bernhardt, Molly 12/13/01  
Bettendorf, Brian 12/3/01  
Bindl, Aaron (11/7/01)  
Birr, Robin (11/14/01)  
Bloedorn, Tammy 12/3/01  
Blomberg, Amanda (11/26/01)  
Boehning, Melinda (11/7/01)  
Brown, Jamie 12/13/01  
Brown, Debra (11/14/01)  
Campbell, Troy\* (11/7/01)  
Carlson, Todd 12/5/01  
Cass, Mitzi 12/5/01  
Catt, Brenda (11/26/01)  
Cha, Xia 12/3/01  
Chavez, Dawn (11/26/01)

Cummings, Jennifer 12/5/01  
Daley, Linda\* (11/26/01)  
Darling, Dana (11/7/01)  
Daubert, Joseph (11/7/01)  
Dilling, Andrew (11/26/01)  
DuPont, Jim (11/7/01)  
Dzikonski, Sharon 12/13/01  
Eckelberg, Matthew 12/5/01  
Engeldinger, Kathleen (11/20/01)  
Eschner, Steven 12/13/01  
Felton, Christie (11/26/01)  
Fosler, Kay (11/20/01)  
Foster, James (11/15/01)  
Foster, Kathleen 12/13/01  
Frac, Meredith 12/3/01  
French, Anne (11/7/01)  
Gawlas, Karl\* (11/29/01)  
Gehin, Brenda 12/5/01  
Geurink, Laura (11/26/01)  
Geurts, Stephanie (11/26/01)  
Grundman, Aaron# (11/20/01)  
Grunewald, Bryan (11/26/01)  
Gundzik, Daniel 12/3/01  
Haberkorn, Daniel (11/14/01)



Hagemann, Erin 12/3/01  
Happel, Jennifer 12/3/01  
Haworth, Douglass (11/26/01)  
Heffernana, Mark 12/3/01  
Helminger, Chadwick (11/7/01)  
Hendrickson, Alison (11/20/01)  
Henselin, Amy 12/13/01  
Hilst, Derek (11/7/01)  
Jaefer, Aimee 12/3/01  
Jagodinski, Michael 12/13/01  
Kastenholz, Bree 12/3/01  
Kastenholz, Philip 12/3/01  
Kersten, Paul (11/20/01)  
Khrystyuk, Omena 12/3/01  
Knight, Laura 12/5/01  
Kult, Jeffrey 12/5/01  
Lahm, Sara 12/13/01  
Laronge, Jill 12/3/01  
Lau, Carrie 12/3/01  
Lenerz, Dena (11/7/01)  
Lundy, Sonja 12/5/01  
MacLeish, Brian (11/20/01)  
Mahoney, Shannon 12/13/01  
Malek, Linda (11/14/01)  
Mangelsen, Jacob 12/5/01  
Marini, Charles\* (11/26/01)  
Mautz, Lisa 12/13/01  
McHugh, Jennifer (11/7/01)  
Ruedinger, Lawrence 12/3/01  
Schellhase, Ellen (11/7/01)  
Schleicher, Anita 12/3/01  
Schneider, James (11/7/01)  
Schultz, Donald 12/5/01  
Scodellaro, Angela (11/7/01)  
Sieber, Brennen 12/13/01  
Sikorski, Jason (11/26/01)  
Sippel, Carolyn (11/26/01)  
Skiba, Krista (11/26/01)  
Sorrentino, Sharon 12/13/01  
Spaay, Lisa 12/13/01  
Stenshamn, Heather 12/3/01  
Suchomel, Jean 12/3/01  
Ten Pas, Ryan (11/7/01)  
Thiel, Michael (11/20/01)  
Thompson Young, Kari (11/7/01)  
Thompson, Marcie# (11/26/01)  
Tkachuk, Bryan# (11/26/01)  
Totzke, Jason (11/26/01)  
Trenkler, Cathy (11/26/01)  
Vancaster, Angela\* (11/14/01)

McLaughlin, John (11/14/01)  
Mcpherson, Jeremy 12/5/01  
Miller, Amanda (11/26/01)  
Miller, Kerri Lee 12/3/01  
Mleziva, Kevin 12/13/01  
Montalbano, Natalie 12/5/01  
Much, Brian 12/3/01  
Mulloy, Michelle 12/3/01  
OConnor, Daniel (11/14/01)  
OConnor, Kurt (11/14/01)  
Olsen, Lynn 12/3/01  
Olson, Kirsten 12/5/01  
Omdahl, Christopher\* (11/26/01)  
Pavlue, Steve 12/5/01  
Peerenboom, Curtis 12/13/01  
Penrose, Jennifer (11/26/01)  
Perkins, Jennifer 12/3/01  
Peterson, Sarah 12/3/01  
Petrie, James 12/13/01  
Polk, Sandra (11/14/01)  
Rannow, Katherine (11/7/01)  
Resch, Cotney 12/13/01  
Reynolds, Theresa (11/7/01)  
Reysen, Rhonda (11/7/01)  
Riley, Neil (11/7/01)  
Robish, William (11/26/01)  
Rozek, Mary (11/20/01)  
Rudnick, Patrick 12/3/01  
VandeHey, Tiffany (11/7/01)  
Vanderloo, Matthew (11/7/01)  
VanevenHoven, Todd (11/7/01)  
Vlasik, Yulia (11/14/01)  
Volpano, Matthew (11/14/01)  
Weiss, Brian 12/13/01  
Wellnitz, Patrick 12/13/01  
Wendt, Mark (11/7/01)  
Whipp, Angela 12/3/01  
Whiteside, Angela (11/26/01)  
Wienke, Rebecca 12/3/01  
Wilbert, Wendy 12/5/01  
Wilson, Jodi (11/14/01)  
Winske, Daniel 12/3/01  
Witmer, John 12/3/01  
Wurtzel Jr, Robert (11/20/01)  
Yarbro, Christopher (11/26/01)  
Yarrington, Dawn 12/13/01  
Yaun, Michelle (11/26/01)  
Zangerle, Diana (11/14/01)  
Zeller, Chad (11/7/01)

**MOTION:** Thomas Kilkenny moved, seconded by Jim Johnson, to issue an intent to deny for Carol Mentink. Motion carried unanimously.

**MOTION:** Jim Johnson moved, seconded by Thomas Kilkenny to adjourn the meeting at 2:15 p.m. Motion carried unanimously.